

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

DOCUMENT CONTROL

AT RICHMOND, DECEMBER 16, 2008

JOINT PETITION OF

2008 DEC 16 P 3:27

EMBARQ CORPORATION,
CENTRAL TELEPHONE COMPANY OF VIRGINIA,
UNITED TELEPHONE SOUTHEAST LLC,

CASE NO. PUC-2008-00104

and

CENTURYTEL, INC.

For Approval of the Indirect Transfer of Control
of Central Telephone Company of Virginia and
United Telephone Southeast LLC from Embarq
Corporation to CenturyTel, Inc.

ORDER FOR NOTICE AND HEARING

On November 21, 2008, CenturyTel, Inc. ("CenturyTel"), Embarq Corporation ("Embarq"), Central Telephone Company of Virginia ("Centel Virginia") and United Telephone Southeast LLC ("United Virginia") (collectively "Petitioners"), pursuant to Chapter 5 of Title 56 of the Code of Virginia (Sections 56-88, et seq., the "Transfers Act"), filed with the State Corporation Commission ("Commission") a Petition seeking approval of the transfer of control of Embarq and, indirectly, its Virginia operating subsidiaries, including Centel Virginia and United Virginia¹ (hereinafter "Transaction" or "Merger"). In Virginia, Embarq provides local exchange service through two operating subsidiaries, Centel Virginia and United Virginia. CenturyTel currently does not provide telecommunications services in Virginia.

¹ There are two additional Embarq Corporation subsidiaries providing telecommunications services in Virginia that will also experience an indirect change of control as a result of the Transaction. Embarq Communications of Virginia, Inc. ("ECI") is a switchless reseller of long-distance. Embarq Payphone Services, Inc., ("EPSI") is an Embarq Corporation subsidiary providing telecommunications service in Virginia. The Commission has previously held that transfers of control of long-distance resellers and payphone service providers are not subject to the Transfers Act. Joint Petition of Bell Atlantic Corporation and GTE Corporation for approval of agreement and plan of merger, Case No. PUA-1998-00031; Petition of Sprint Nextel Corporation and LTD Holding Company for Approval of Transfer of Control, Case No. PUC-2005-00118.

According to the Petition, Embarq, CenturyTel, and Cajun Acquisition Company ("CAC") entered into an Agreement and Plan of Merger ("Merger Agreement") as of October 26, 2008. Embarq is a publicly-traded holding company with incumbent local exchange operations in 18 states, operating in Virginia as Centel Virginia and United Virginia. CenturyTel is a publicly-traded holding company with its own incumbent local exchange operating company subsidiaries in 25 states. CAC is a direct wholly-owned subsidiary of CenturyTel created in order to effectuate this Transaction.

The Petitioners propose that Embarq and CAC will merge with Embarq being the surviving corporation and CAC ceasing to exist. The Transaction will be accomplished through a stock-for-stock transaction. Embarq will become a direct wholly-owned subsidiary of CenturyTel. The terms of the Merger Agreement provide that Embarq's Virginia operating subsidiaries will remain subsidiaries of Embarq; however, a transfer of control of Embarq will occur. CenturyTel's various operating subsidiaries will remain subsidiaries of CenturyTel; however, a transfer of majority equity ownership will occur. Following the completion of the Transaction, the shareholders of pre-transaction Embarq are expected to own approximately 66% of the post-transaction CenturyTel, and the shareholders of pre-transaction CenturyTel, Inc., are expected to own approximately 34% of post-transaction CenturyTel.

The Petitioners state that Centel Virginia and United Virginia will continue as the certificated carriers in Virginia and that end user customers will continue to receive service from the same local operating company and at the same rates, terms and conditions as immediately prior to the Transaction. The Petitioners state that the Transaction will be transparent to customers and that the Transaction will not impair or jeopardize the provision of adequate

service to the public at just and reasonable rates and is in full compliance with applicable Virginia law.

NOW THE COMMISSION, having considered the matter and applicable law, is of the opinion and finds that this matter should be docketed and that the Petitioners should give notice of the Petition to interested persons and the public. Under § 56-88.1 of the Code of Virginia, the Commission must approve or disapprove the Petition no later than sixty (60) days from the filing date, unless extended by the Commission. We find that our review period to approve or disapprove the Joint Petition should be extended an additional ninety (90) days. We expect to rule on the Joint Petition expeditiously, but we find that additional time is necessary to review the transaction, to provide public notice, and to afford interested persons an opportunity to be heard. The Commission will therefore establish a procedural schedule for the filing of comments, notices of participation, and schedule a hearing on the Petition. We will also direct the Commission Staff to investigate the Petition and to file testimony and exhibits on the results of its investigation.

Accordingly, IT IS ORDERED THAT:

(1) This matter be docketed as Case No. PUC-2008-00104 and all associated papers be filed therein.

(2) The review period for this docket be extended for an additional ninety (90) days, pursuant to § 56-88.1 of the Code of Virginia, or through April 20, 2009.

(3) As provided by § 12.1-31 of the Code and the Commission's Rules of Practice and Procedure ("Rules of Practice"), 5 VAC 5-20-120, Procedure before Hearing Examiners, a hearing examiner shall be appointed to rule on any discovery matters that may arise during the course of this proceeding.

(4) A public hearing on the Petition shall be held at 10:00 a.m. on March 17, 2009, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive the testimony of public witnesses and the evidence of the Petitioners, any Respondents, and the Staff.

(5) The Petitioners shall promptly make a copy of the Petition available to the public, who may obtain a copy of the Joint Petition, at no charge, by requesting it in writing from the Petitioners' counsel at the addresses detailed below.

(6) As provided by the Rules of Practice, 5 VAC 5-20-80 C, Public witnesses, written comments on the application may be filed, on or before March 10, 2009, by either of the following methods:

A. Comments may be submitted in writing to Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Compact discs or any other form of electronic storage medium may not be filed with comments. All correspondence and comments shall refer to Case No. PUC-2008-00104. Or

B. Comments may be submitted electronically by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>.

(7) On or before January 26, 2009, any person or entity may file with the Commission Clerk, at the mailing address provided in Ordering Paragraph (6) A, an original and fifteen (15) copies of a notice of participation as a respondent as required by the Rules of Practice, 5 VAC 5-20-80 B, Participation as a respondent. A copy shall simultaneously be served on counsel to the Petitioners, Eric M. Page, Esquire, LeClairRyan, Riverfront Plaza, East Tower, 951 East Byrd Street, Post Office Box 2499, Richmond, Virginia 23218-2499 and Kevin K. Zarling, Senior Counsel, Embarq Corporation, 400 West 15th St., Suite 1400, Austin, Texas

78701. The notice of participation shall be filed and served as required by the Rules of Practice, 5 VAC 5-20-140, Filing and service, and 5 VAC 5-20-150, Copies and format. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by the Rules of Practice, 5 VAC 5-20-30, Counsel.

(8) Within five (5) business days of receipt of a notice of participation as a respondent as required by Ordering Paragraph (7), the Petitioners shall serve upon the respondent a copy of this Order, a copy of the Petition and a copy of any additional testimony and exhibits that have been filed by the Petitioners in accordance with Ordering Paragraph (9), unless these materials have already been provided to the respondent.

(9) On or before January 20, 2009, the Petitioners shall file with the Commission Clerk an original and (15) copies of any additional testimony and exhibits by which it expects to establish its case and serve a copy of the testimony and exhibits on all other parties in this case. Petitioners shall comply with the Rules of Practice, 5 VAC 5-20-140, Filing and service, 5 VAC 5-20-150, Copies and format, and 5 VAC 5-20-240, Prepared testimony and exhibits.

(10) On or before February 17, 2009, each respondent may file with the Commission Clerk an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and serve a copy of the testimony and exhibits on the Petitioners and all other parties in this case. Respondents shall comply with the Rules of Practice, 5 VAC 5-20-140, Filing and service, 5 VAC 5-20-150, Copies and format, and 5 VAC 5-20-240, Prepared testimony and exhibits.

(11) As provided by the Rules of Practice, 5 VAC 5-20-80 D, Commission staff, Staff shall participate in this proceeding and conduct an investigation of the Petition. On or before

February 17, 2009, the Staff shall file with the Commission Clerk the testimony and exhibits it intends to present at the hearing.

(12) On or before March 10, 2009, the Petitioners may file with the Commission Clerk an original and fifteen (15) copies of any rebuttal testimony and exhibits that it expects to offer and shall serve a copy on all parties and the Staff.

(13) On or before January 12, 2009, the Petitioners shall serve a copy of this Order on the Chairman of the Board of Supervisors of any county and upon the Mayor or Manager of any county, city, or equivalent officials in counties, towns, and cities having alternate forms of government located in the Petitioners' service territory. Service shall be made by first-class mail or delivery to the customary place of business or residence of the person served.

(14) On or before January 12, 2009, the Petitioners shall publish the following notice as display advertising, not classified, throughout the Petitioners' service territory:

NOTICE TO THE PUBLIC OF A PETITION BY
CENTURYTEL, INC., EMBARQ CORPORATION,
CENTRAL TELEPHONE COMPANY OF VIRGINIA AND
UNITED TELEPHONE SOUTHEAST LLC
FOR APPROVAL OF INDIRECT TRANSFER OF CONTROL
OF CENTRAL TELEPHONE COMPANY OF VIRGINIA
AND UNITED TELEPHONE SOUTHEAST LLC
CASE NO. PUC-2008-00104

On November 21, 2008, CenturyTel, Inc. ("CenturyTel"), Embarq Corporation ("Embarq"), Central Telephone Company of Virginia ("Centel Virginia") and United Telephone Southeast LLC ("United Virginia") (collectively "Petitioners"), pursuant to Chapter 5 of Title 56 of the Code of Virginia (Sections 56-88, et seq., the "Transfers Act"), filed with the State Corporation Commission ("Commission") a Petition seeking approval of the transfer of control of Embarq and, indirectly, its Virginia operating subsidiaries, including Centel Virginia and United Virginia (hereinafter "Transaction" or "Merger"). In Virginia, Embarq provides local exchange service through two operating subsidiaries, Centel Virginia and United Virginia. CenturyTel currently does not provide telecommunications services in Virginia.

According to the Petition, Embarq, CenturyTel, and Cajun Acquisition Company ("CAC") entered into an Agreement and Plan of Merger ("Merger Agreement") as of October 26, 2008. Embarq is a publicly-traded holding company with incumbent local exchange operations in 18 states, including Centel Virginia and United Virginia. CenturyTel is a publicly-traded holding company with its own incumbent local exchange operating company subsidiaries in 25 states. CAC is a direct wholly-owned subsidiary of CenturyTel created in order to effectuate this Transaction.

The Petitioners propose that Embarq and CAC will merge with Embarq being the surviving corporation and CAC ceasing to exist. The Transaction will be accomplished through a stock-for-stock transaction. Embarq will become a direct wholly-owned subsidiary of CenturyTel. The terms of the Merger Agreement provide that Embarq's Virginia operating subsidiaries will remain subsidiaries of Embarq; however, a transfer of control of Embarq will occur. CenturyTel's various operating subsidiaries will remain subsidiaries of CenturyTel; however, a transfer of majority equity ownership will occur. Following the completion of the Transaction, the shareholders of pre-transaction Embarq are expected to own approximately 66% of the post-transaction CenturyTel, and the shareholders of pre-transaction CenturyTel, Inc., are expected to own approximately 34% of post-transaction CenturyTel.

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The Petition, Commission Orders, and all documents filed in Case No. PUC-2008-00104 may be inspected in the Commission's Document Control Center, Office of the Clerk of the Commission, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, during Commission business hours. The application, unofficial text of the Commission's Orders, and other materials in Case No. PUC-2008-00104 may be viewed at the Commission's website: <http://www.scc.virginia.gov/case>.

Comments may be submitted in writing, on or before March 10, 2009, to the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Diskettes, compact disks, or any other form of electronic storage medium may not be filed with comments. All correspondence shall refer to Case No. PUC-2008-00104.

OR

Comments may be submitted electronically, on or before March 10, 2009, by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>.

Persons commenting electronically need not file comments in writing with the Clerk.

A public hearing on the Petition shall be held at 10:00 a.m. on March 17, 2009, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive the testimony of public witnesses and the evidence of the Petitioners, any respondents, and the Staff.

On or before January 26, 2009, any person or entity may file with the Commission Clerk, at the mailing address provided above, an original and fifteen (15) copies of a notice of participation as a respondent as required by the Commission's Rules of Practice and Procedure ("Rules of Practice"), 5 VAC 5-20-80 B, Participation as a respondent. A copy shall simultaneously be served on counsel to the Petitioners, Eric M. Page, Esquire, LeClairRyan, Riverfront Plaza, East Tower, 951 East Byrd Street, Post Office Box 2499, Richmond, Virginia 23218-2499 and Kevin K. Zarling, Senior Counsel, Embarq Corporation, 400 West 15th St., Suite 1400, Austin, Texas 78701. The notice of participation shall be filed and served as required by the Rules of Practice, 5 VAC 5-20-140, Filing and service, and 5 VAC 5-20-150, Copies and format. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by the Rules of Practice, 5 VAC 5-20-30, Counsel.

On or before February 17, 2009, each respondent may file with the Commission Clerk an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and serve a copy of the testimony and exhibits on all other parties in this case. Respondents shall comply with the Rules of Practice, 5 VAC 5-20-140, Filing and service, 5 VAC 5-20-150, Copies and format, and 5 VAC 5-20-240, Prepared testimony and exhibits.

The Commission's Rules of Practice, the unofficial version of the Commission's Order for Notice and Hearing, and other information may be viewed at <http://www.scc.virginia.gov/case>.

CENTURYTEL, INC., EMBARQ CORPORATION,
CENTRAL TELEPHONE COMPANY OF VIRGINIA AND
UNITED TELEPHONE SOUTHEAST LLC

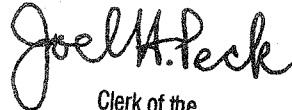
(15) On or before February 2, 2009, the Petitioners shall file with the Commission Clerk a certificate of the mailing of notice prescribed by Ordering Paragraphs (13) and (14).

(16) Petitioners shall respond to written interrogatories or data requests within ten (10) calendar days after receipt of same. Except as modified, discovery shall be in accordance with the Rules of Practice.

(17) This matter is continued for further orders of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Eric M. Page, Esquire, LeClairRyan, Riverfront Plaza, East Tower, 951 East Byrd Street, Post Office Box 2499, Richmond, Virginia 23218-2499; Kevin K. Zarling, Senior Counsel, Embarq Corporation, 400 West 15th St., Suite 1400, Austin, Texas 78701; C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 900 East Main Street, Second Floor, Richmond, Virginia 23219; and the Commission's Office of General Counsel and Divisions of Communications, Public Utility Accounting, and Economics and Finance.

A True Copy
Teste:


Clerk of the
State Corporation Commission